

Approved For Release 1

1 of 1  
8234/74

2009/09/29 :

CIA-RDP85T00875R00150015

Approved For Release

2009/09/29 :

CIA-RDP85T00875R00150015

**Secret**

25X1



# Economic Intelligence Weekly

**Secret**

CIA No. 8234/74

26 December 1974

Copy

427

**Page Denied**

Secret

25X1

**ECONOMIC INTELLIGENCE WEEKLY****26 December 1974**

Developed Countries: Inflation Accelerating . . . . .	3
Developed Countries: No Cheer in Investment Indicators . . . . .	6
Brazil: Difficult Year Ahead . . . . .	9
USSR Reviews Economic Performance and Plans . . . . .	10
Italy Nails Down Aid from Iran . . . . .	12
Notes, Publications of Interest, Statistics	

**Overview**

**A Further Downturn in Capital Spending** is indicated for the months ahead in major industrial countries. In almost all cases, new orders for machinery and equipment sagged in the third quarter. The trend accelerated in October, when orders fell 30% in Japan and about 5% in West Germany and the United Kingdom. Because leading industries are working below capacity, investment spending will not respond quickly to an easing of fiscal and monetary policies.

**No Immediate Easing of Inflation** is in sight. A drop in the rate of increase is possible by midyear 1975 when food price rises are expected to slow. Higher food costs were the chief cause of accelerating consumer prices in major developed countries this fall.

**The US Trade Reform Act** has been hailed in most major foreign capitals as clearing the way for reinvigorated trade negotiations. Moscow has criticized the provisions relating to US-Soviet trade, and the LDCs have objected to limits on preferential tariffs.

**A 36-Member World Food Council** has been established by the UN General Assembly vote approving the November World Food Conference resolutions. The USSR will participate; the PRC will not. The Food and Agricultural Organization will provide initial staffing in Rome and will help prepare for a first meeting on the coordination of global food policies.

25X1

Note: Comments and queries regarding the *Economic Intelligence Weekly* are welcomed.

25X1

Secret

**Secret****Articles****DEVELOPED COUNTRIES: INFLATION ACCELERATING**

Inflation in the major industrial countries has accelerated during the last several months, after easing substantially early in the year. Three-month moving averages of seasonally adjusted figures show that consumer price increases in the seven countries fell from an annual rate of 18% in January to a low of 13% in April and then gradually moved back up to 15% by October. Partial data point to a decline in the composite rate in November.

Consumer prices in the individual countries have shown the following trends (annual rates):

- In Japan, inflation rebounded to 32% by October after having fallen to about 10% in April.
- In the United Kingdom and Canada, inflation has bounced back in recent months to 31% and 16%, respectively.
- The West German figure, still the lowest in the developed world, climbed to nearly 9% in November – three points above the August level.
- France, which had been steadily cutting the pace of inflation, experienced an upturn in October.
- Italian inflation, which accelerated to 34% in September, has since dropped by 10 points.

The worsening in inflation has been due primarily to resurgent food prices. After cooling off in the spring, retail food prices rose at annual rates of 6% in July, 12% in August, and – judging from partial data – 20% in September.

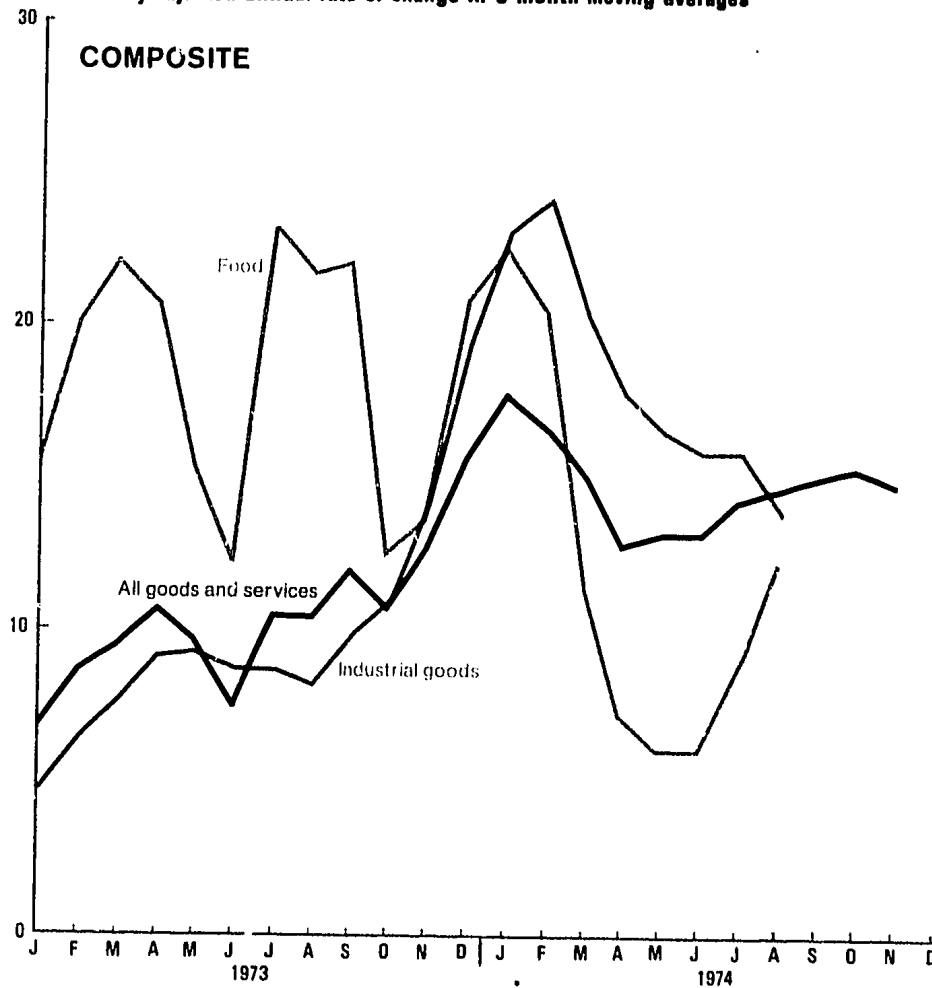
For the countries as a group, growth in prices of manufactured consumer goods has slowed to 16% in recent months after peaking at 24% in February. Sharp reductions in raw material prices and narrowing profit margins have partly offset the rise in labor costs.

**Secret**

Secret

# DEVELOPED COUNTRIES: Percent Change in Consumer Prices

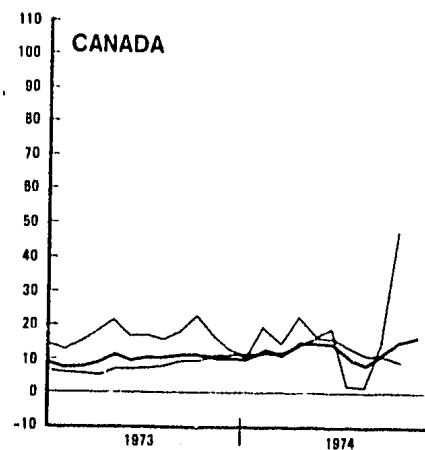
Seasonally adjusted annual rate of change in 3 month moving averages<sup>1</sup>



— Food  
— All goods and services  
— Industrial goods

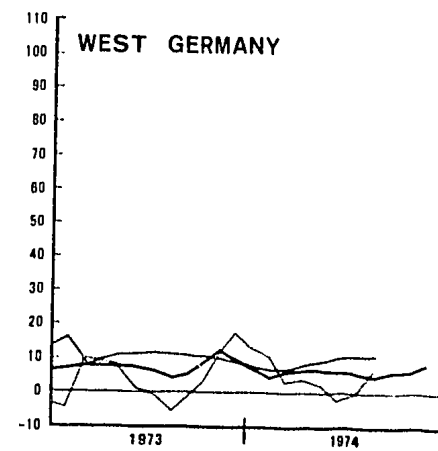
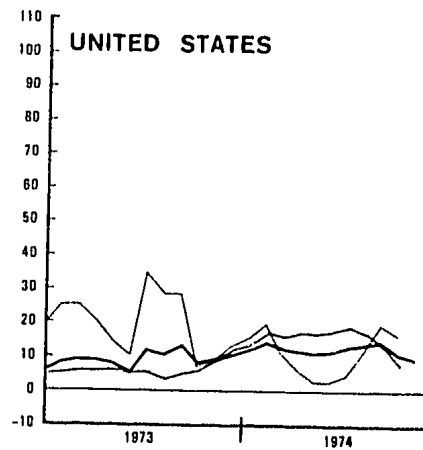
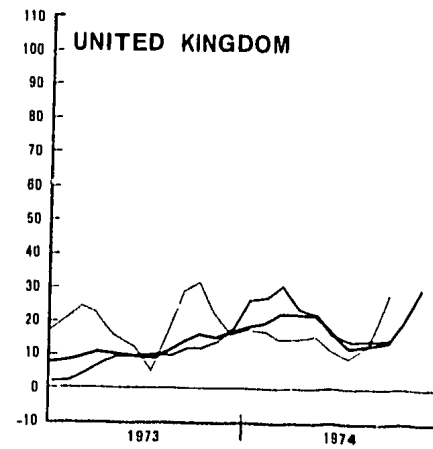
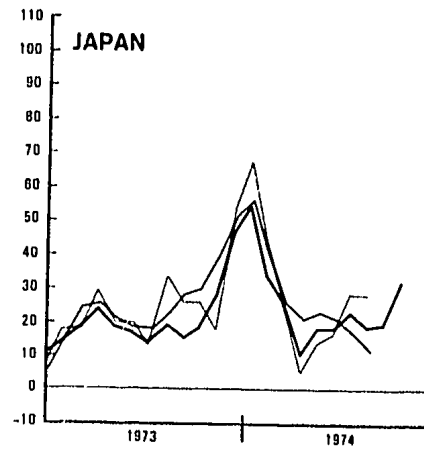
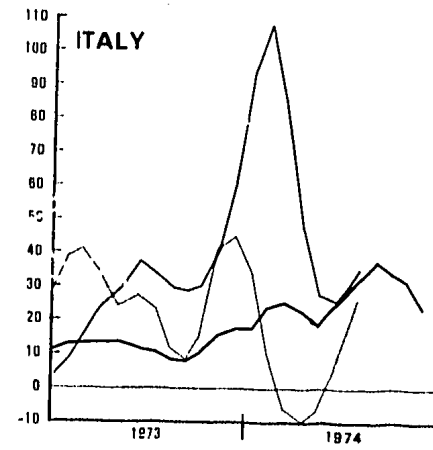
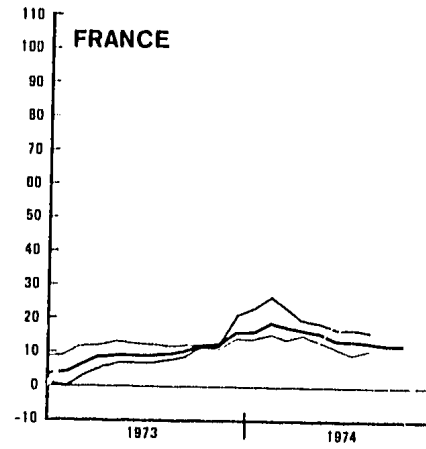
1. Final month is monthly change at an annual rate.

564905 12-74 Page 1



Secret

Secret



564906 12-74 Page 2

Secret

~~SECRET~~

Continued rapid increases in retail food prices probably lie ahead, ruling out immediate improvement in inflation rates. The following factors offer hope that the 15% rate of inflation in consumer prices will drop several percentage points by midyear:

- Declines in artificially high prices (e.g., sugar), prospects of improved crops, and buyers' resistance probably will moderate the rise in food prices,
- Prices of industrial raw material probably should continue to decline, and
- Weak demand should force many firms to absorb part of the expected large increases in labor costs.

25X1

\* \* \* \*

#### **DEVELOPED COUNTRIES: NO CHEER IN INVESTMENT INDICATORS**

Leading indicators point to a further decline in private investment in major industrial countries over the months ahead. Afflicted with excess capacity and a profit squeeze, business firms are likely to hold back on capital spending even if governments soon adopt expansionary measures. Compared with the recent peaks, real private outlays on plant and equipment are already down 19% in Japan, 12% in West Germany, and 4% in the United Kingdom.

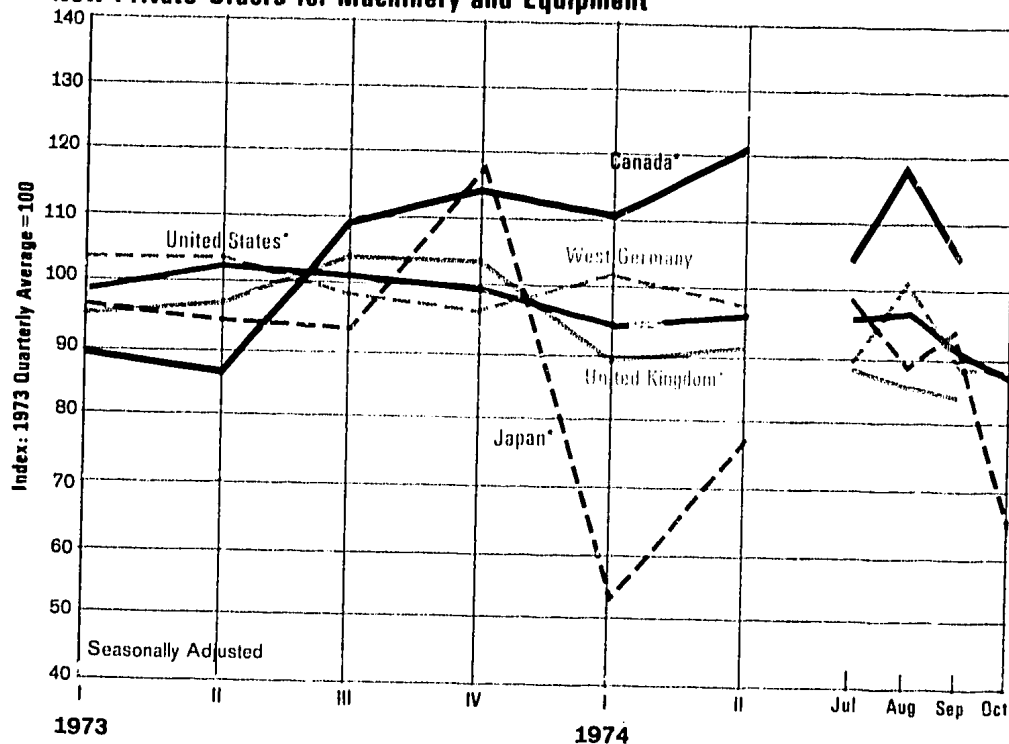
New orders for machinery and equipment, the most important investment indicator, declined in the third quarter in four of the five countries for which data are available.

- Canadian orders fell 10% from the second quarter on a seasonally adjusted basis, to the lowest level in a year.
- British orders slipped by 3%, after a 15% drop in the first quarter and a slight increase in the second.
- West German orders declined 4%, the second consecutive quarterly decline.
- US orders fell about 2%, following a 6% decline in the first quarter and a 2% increase in the second.

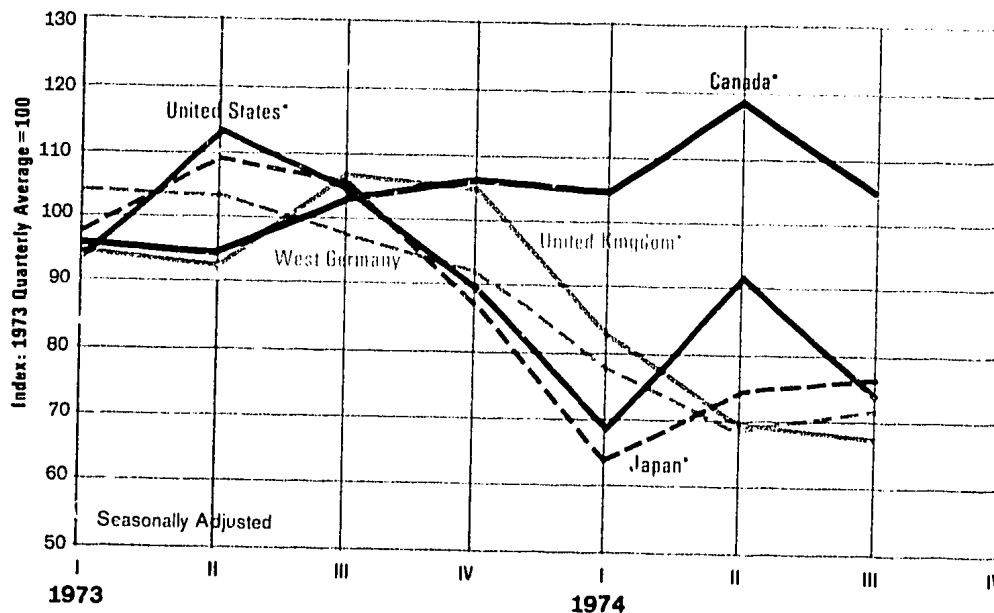
**Secret**



Secret

**DEVELOPED COUNTRIES: Leading Investment Indicators****New Private Orders for Machinery and Equipment**

\*Value series deflated by wholesale price index for machinery and equipment.

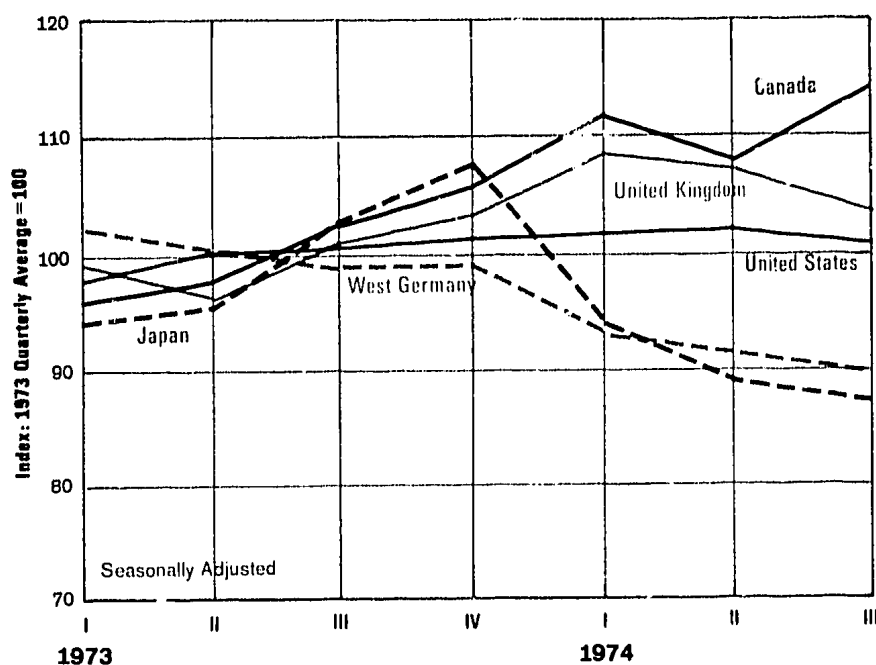
**New Orders for Private Non-Residential Construction**

\*Value series deflated by wholesale price index for construction materials.

564907 12-74

Secret

Secret

**Developed Countries: Real Private Spending on Plant and Equipment**

564908 12:74

- Japanese orders rose 20% from the previous depressed level.

Scattered data for October indicate that new orders plunged in Japan and that the downward trend continued in most countries. Surveys of investment plans suggest that Italian and French orders also have fallen in recent months.

In most countries, orders for non-residential construction stagnated or declined in the third quarter. The 13% drop in Canada was the steepest among foreign countries. Orders fell 3% in the United Kingdom, the fourth consecutive quarterly decline, while Japanese and West German orders remained depressed.

In practically all developed countries, the textile, automobile, and appliance industries already are operating well below capacity. The steel industry is reluctant to increase investment because of an expected fall in demand from the high level of 1974. EC steel producers, for example, plan to cut their outlays by 30% in 1975.

Relaxation of monetary policy probably would not spark investment, because credit no longer appears to be a major constraint. In Japan and apparently in France as well, commercial bank lending is running below the permitted level. In any case, a minimum of one quarter usually passes before business responds to policy changes.

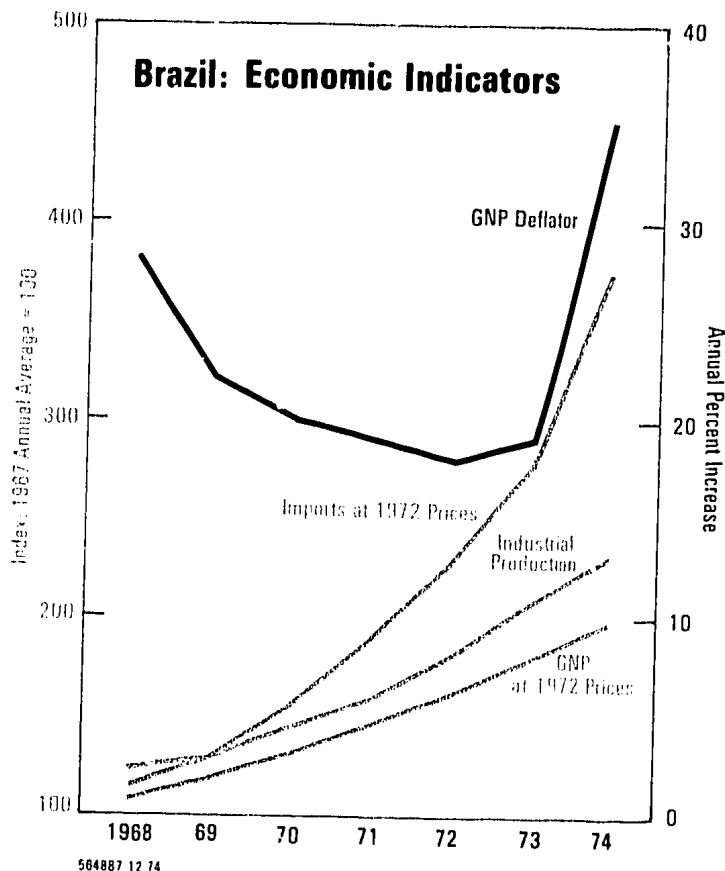
25X1

Secret

## BRAZIL: DIFFICULT YEAR AHEAD

After seven years of uninterrupted boom, which has seen a doubling of real GNP, Brazil faces slower growth and mounting inflation in 1975.

Strains in the balance of payments are emerging as the result of soaring prices for oil and other imports, combined with a large rise in import volume. In spite of a 20% increase in export earnings during 1974 (principally manufactures and sugar), the current account deficit has quadrupled to an estimated \$7 billion. Record capital inflows staved off difficulty in the first half, but a sharp decline in the second half caused foreign reserves to fall from \$6.4 billion to an estimated \$5.5 billion at yearend.



### Brazil: Balance of Payments

	Million US \$		
	1972	1973	Estimated 1974
Trade balance	-244	7	-5,000
Exports (f.o.b.)	3,991	6,199	7,450
Imports (f.o.b.)	4,235	6,192	12,450
Services (net)	-1,245	-1,636	-2,000
Current account	-1,489	-1,629	-7,000
Long- and medium-term capital (net)	3,492	3,841	5,500
Short-term capital, including errors and omissions	480	-33	600
Change in foreign reserves	2,463	2,179	-900

To balance international accounts in 1975, the military government plans to hold the value of imports at the 1974 level. Trade controls have been imposed, import financing curtailed, and duties on many consumer imports sharply increased. This program should enable Brazil to avoid further reserve losses. Because of strong sugar and soybean markets, export earnings should increase 20%-30%. Moreover, capital inflows are recovering and, with fair prospects for substantial Arab loans, probably will remain at least at the 1974 level. If reserves continue to decline, the government will not hesitate to restrict imports further.

Import restrictions in 1975 will be a major factor in the expected halving of Brazil's 10% real economic growth rate. Given the freeze on the value of imports and the mixed outlook for world prices next year, little or no gain in import volume can be expected in contrast to the 20%-25% increases of recent years. The industrial sector, heavily dependent on imports of semi-manufactures and raw materials, will be seriously affected despite the cushion of large inventories. Growth of agricultural output will slow because of drought and narrowing profit margins for farmers.

The anticipated reduction in imports and the increase in supply constraints will spur inflation, which the regime had managed to slow to 20% (annual rate) in the last two months. Inflationary pressures may be further strengthened by the euphoria that has followed the offshore oil strike; the government could relax its oil conservation program, although large-scale output from the new oilfield is a long way off. Even with the tightening of controls over monetary expansion and the liquidation of inventories of consumer goods accumulated in 1974, Brasilia has little prospect of holding inflation to the current rate.

25X1

\* \* \* \*

## USSR REVIEWS ECONOMIC PERFORMANCE AND PLAN

Last week's unusually reticent plan and budget speeches to the Supreme Soviet indicated that the economy grew briskly in 1974 and was little affected by the inflation raging in the West.

- Industrial production increased 8% by the inflated Soviet measure, the highest rate since 1970.
- Capital investment grew by 7-1/2%, exceeding the plan and nearly double last year's rate.

- Farm output fell 1%-2% below the record set in 1973; nevertheless, grain output -- reported at 195.5 million tons -- was the second highest in history and cotton output reached a new high.
- National income (Soviet definition) rose 5%; shortcomings in agriculture held the gain to three-fourths of plan.

Moscow accepts the fact that some major goals of the five-year plan, ending in 1975, will not be met.

- Planned growth rates for industry (6.7%) and agriculture (more than 10%) in 1975 still leave the sectors short of the original five-year plan goals.
- Investment resources will continue to grow at about the current rate and will be concentrated on completing projects already begun -- a well-worn theme.
- Oil and gas production will be short of original five-year plan goals even if next year's targets are met.

#### USSR: 1975 Plan Scaled Down

	Original Plan	Revised Plan
National income (percent over 1970)	39	32
Industrial production (percent over 1970)	47	42
Electric power (billion kilowatt-hours)	1,065	1,035
Oil (million tons)	505	489
Natural gas (billion cubic meters)	320	more than 285
Coal (million tons)	695	700
Crude steel (million tons)	146	142
Mineral fertilizer (million tons)	90	90
Cement (million tons)	125	122
Textiles (billion square meters)	11	10
Agricultural production (percent over 1970)	23	21-22
Capital investment, 1971-75 (billion rubles)		
Total economy	501	498
Agriculture	129	130
Average monthly wage (rubles)		
Workers and employees	149	144
Kolkhoz workers	98	more than 96

**Secret**

Steady improvement is to continue in the availability of consumer goods, especially food products. At the same time, wages are scheduled to increase at the lowest rate in the five-year plan period, apparently to restrict the buildup of unspent rubles.

Although the announced defense budget has been cut by 1%, we estimate that missile and aircraft programs now under way will drive defense spending up by 4% to 5% in 1975.

Trade with the developed West should continue to grow vigorously, with emphasis on commodity pay-back deals. Moscow's strong hard-currency position will bolster the Soviet bargaining position over the next few years.

Although generally satisfied with the economy's performance, the leadership again noted several problems inhibiting growth -- low productivity, slow completion of construction projects, poor economic management, and lagging technical innovation. No dramatic reforms seem in the offing, only a continuing "search for new approaches and new solutions." [REDACTED]

25X1

\* \* \* \*

### ITALY NAILS DOWN AID FROM IRAN

During his recent visit to Tehran, Italian President Leone firmed up \$5 billion to \$6 billion in commercial deals previously under negotiation. [REDACTED]

25X1

The new agreement represents a considerable shift in the Shah's harsh stance against giving any type of economic assistance to Italy. The commitments include:

- an agreement (not yet formally signed) between Ente Nazionale Idrocarburi and the National Iranian Oil Company giving NIOC a 50% share in the ex-Shell Italiana distribution network and part of ENI's African and European distribution network;
- construction by the Italian state company FINSIDER of a steel mill and related projects in Bandar Abbas;

**Secret**

**Secret**

- construction by an Italian state company of a 50-50 joint venture ammonium nitrate/urea plant; and
- construction by the private Italian company Pirelli of a large tire plant.

Of these deals, only the NIOC purchase of ENI assets is likely to yield a cash flow in 1975. Although NIOC will put up some funds to purchase the ex-Shell Italiana shares, its major contribution will be to assure crude oil supplies for company operations. The cost of the crude is still unknown. ENI reportedly paid \$200 million for Shell Italiana a year ago; the value of ENI's African and European distribution network is unknown.

\* \* \* \*

25X1

**Notes****USSR: World Sugar Market Purchases Confirmed**

The Soviet Union purchased 250,000 tons of sugar in the world market during November. Additional purchases are rumored imminent. The sugar already bought – primarily from Brazil and Australia – is scheduled for delivery by July 1975. As a result of bad weather the raw sugar output from the 1974 Soviet beet crop will be 8.8 million tons, 10% below last year's level. Imports from Cuba of an estimated 2 million tons would not be enough to bring domestic supplies up to requirements of 11.2 million tons. We think the Soviet Union will need an additional 150,000 to 250,000 tons of raw sugar from the world market just to maintain current consumption levels. Since the market already expects purchases of this magnitude, confirmation would have only a small effect on world sugar prices.

25X1

**Eastern Europe: Winter Grains Off to Mediocre Start**

A delayed fall harvest and subsequent heavy rainfall in October stalled the sowing of winter grains across Eastern Europe. In East Germany, it was so wet that almost 120,000 hectares of winter wheat had to be sown from the air. In Poland, only 70% of planned winter wheat acreage had been sown by mid-October; crops sown later have slight chance of surviving the winter. Some fields in Czechoslovakia became swamps, and many sowing operations had to be shifted to drier, less productive land. In Hungary, sowing operations extended into late November despite a substantial reduction in acreage. In contrast, Bulgaria and Romania report that winter grains are in good condition.

25X1

**Secret**

**Publications of Interest\***

**Indonesian Energy Developments**

(ER RP 74-26, December 1974, )

25X1

Recent oil discoveries give Indonesia the potential for a doubling of production by about 1980. In addition, exploitation of natural gas reserves will begin to expand foreign exchange earnings in three or four years. Projected export earnings through 1980, sparked by the energy sector, will be sufficient for Indonesia to finance most of its own development needs.

**Iran: The Shah's Lending Binge**

(ER IM 74-15, December 1974, )

25X1

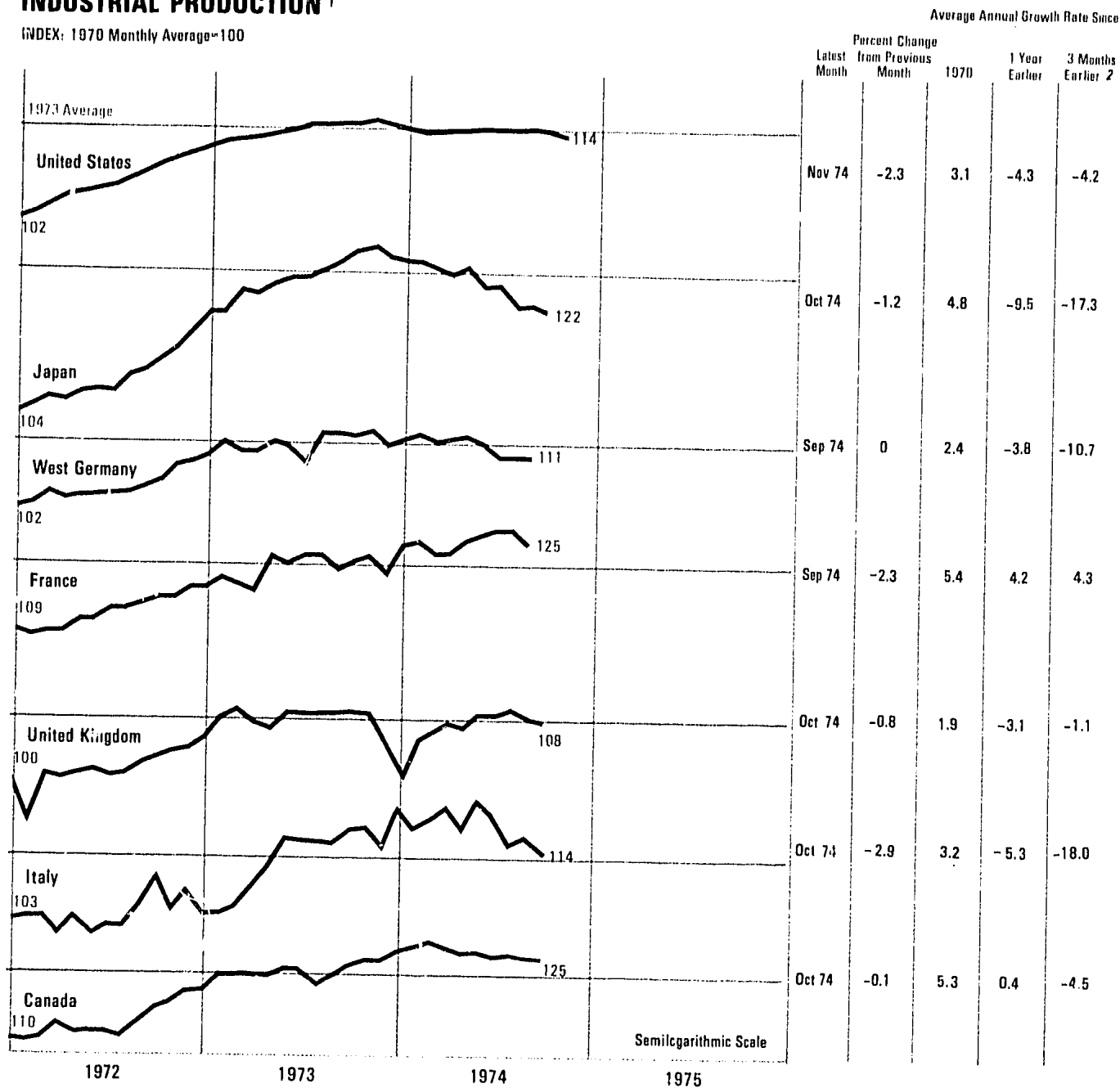
The memorandum covers the evolution of the Shah's policies for putting to work his excess oil revenues. The more than \$6 billion loaned in 1974 is detailed along with projections of outlays for next year. Because the Shah intends to accelerate his domestic economic development program, Iran's surplus revenues will be reduced more rapidly than those of other major Middle East oil producers.

25X1



**INDUSTRIAL PRODUCTION**

INDEX: 1970 Monthly Average=100

**GNP**

Constant Market Prices

	Latest Quarter	Average Annual Growth Rate Since			
		Percent Change from Previous Quarter	1970	1 Year Earlier	Previous Quarter
United States	74 III	-0.5	3.2	-2.2	-2.1
Japan	74 III	-0.2	5.3	-3.9	-0.8
West Germany	74 II	-0.7	3.1	1.1	-2.9
France	73 IV	1.7	5.8	8.0	7.0
United Kingdom	74 I	1.0	2.7	0.6	4.2
Italy	73 IV	1.9	3.7	5.3	7.7
Canada	74 III	0	5.3	4.1	0

**RETAIL SALES**

Constant Prices

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier 2
United States	Oct 74	-1.3	2.3	-5.7	-4.7
Japan	Jul 74	-3.1	1.0	-11.0	9.4
West Germany	Aug 74	-3.6	1.4	-4.5	-12.6
France	Aug 74	-8.9	-1.5	-2.7	-9.0
United Kingdom	Nov 74	0.4	2.8	-0.1	8.5
Italy	Jul 74	3.9	7.2	10.1	-13.5
Canada	Sep 74	-3.7	4.5	3.4	5.6

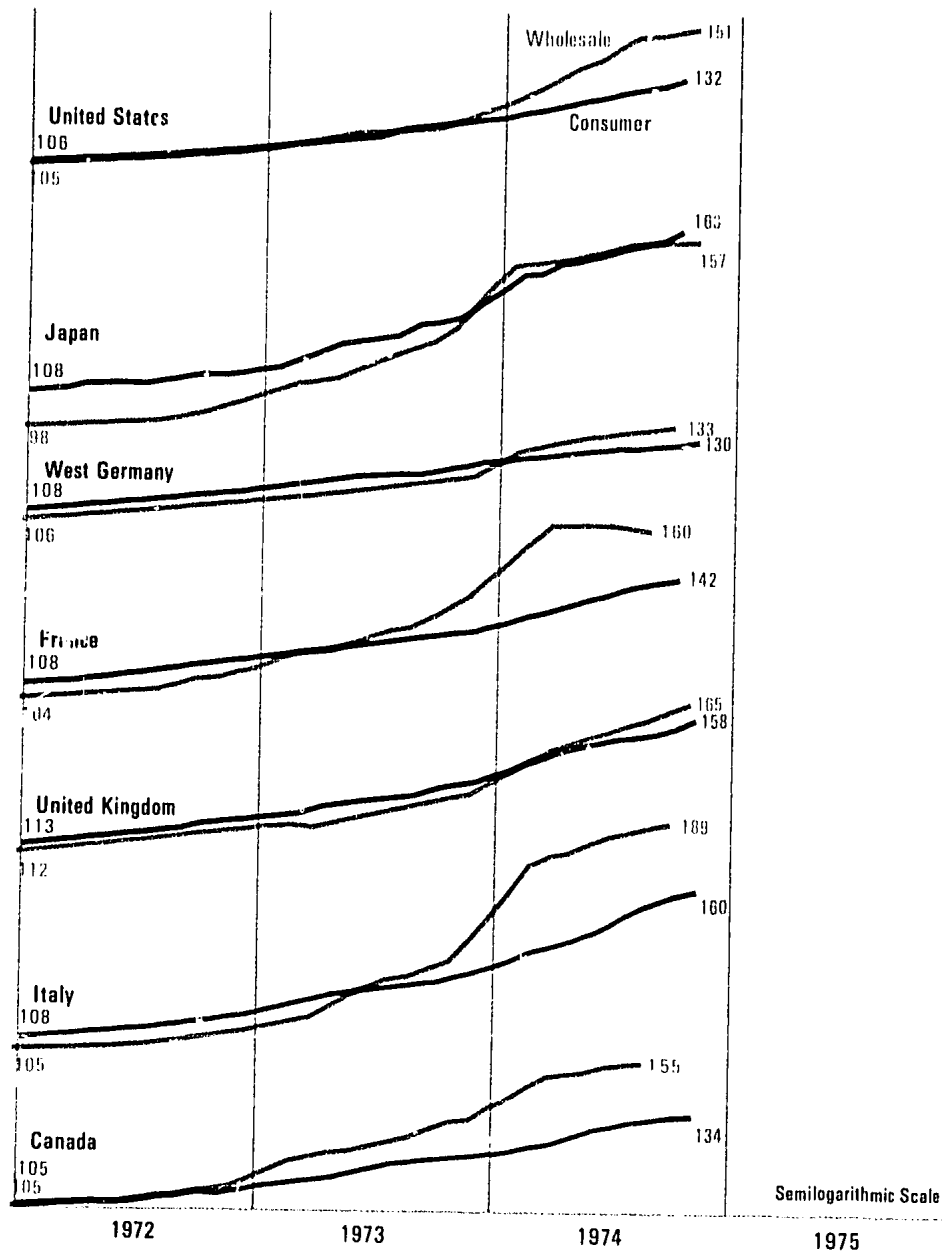
Office of Economic Research/CIA  
26 DECEMBER 1974

A-1

Note: US data provided by US government agencies  
Footnotes appear on page A-4.

**DOMESTIC PRICES<sup>3</sup>**

INDEX: 1970 Monthly Average=100



Average Annual Growth Rate Since

Latest Month	Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
Nov 74	0.6	9.8	27.4	10.8
Oct 74	0.9	6.6	12.2	13.9
Nov 74	0.3	10.9	25.1	3.6
Oct 74	2.3	12.0	26.2	21.7
Oct 74	0.6	6.9	14.6	5.3
Nov 74	0.7	6.1	6.5	0.4
Sep 74	1.0	11.8	27.9	7.1
Oct 74	1.2	8.5	14.9	13.1
Nov 74	1.7	12.1	27.9	24.8
Nov 74	1.8	11.0	18.3	21.2
Oct 74	0.9	16.0	44.9	11.8
Nov 74	1.5	11.4	26.2	31.1
Sep 74	9.3	11.0	22.2	11.8
Nov 74	1.1	7.0	12.0	11.0

**MONEY SUPPLY<sup>1</sup>**

	Latest Month	Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Nov 74	0.6	5.8	5.2	2.7
Japan	Aug 74	-1.0	16.8	13.1	15.6
West Germany	Sep 74	0.9	9.2	9.7	12.6
France	Jul 74	-3.3	11.4	8.1	10.8
United Kingdom	Oct 74	1.5	8.5	5.3	8.5
Italy	Jun 74	2.4	20.8	16.6	19.6
Canada	Oct 74	0	11.6	5.8	-7.0

**WAGES IN MANUFACTURING<sup>1,4</sup>**

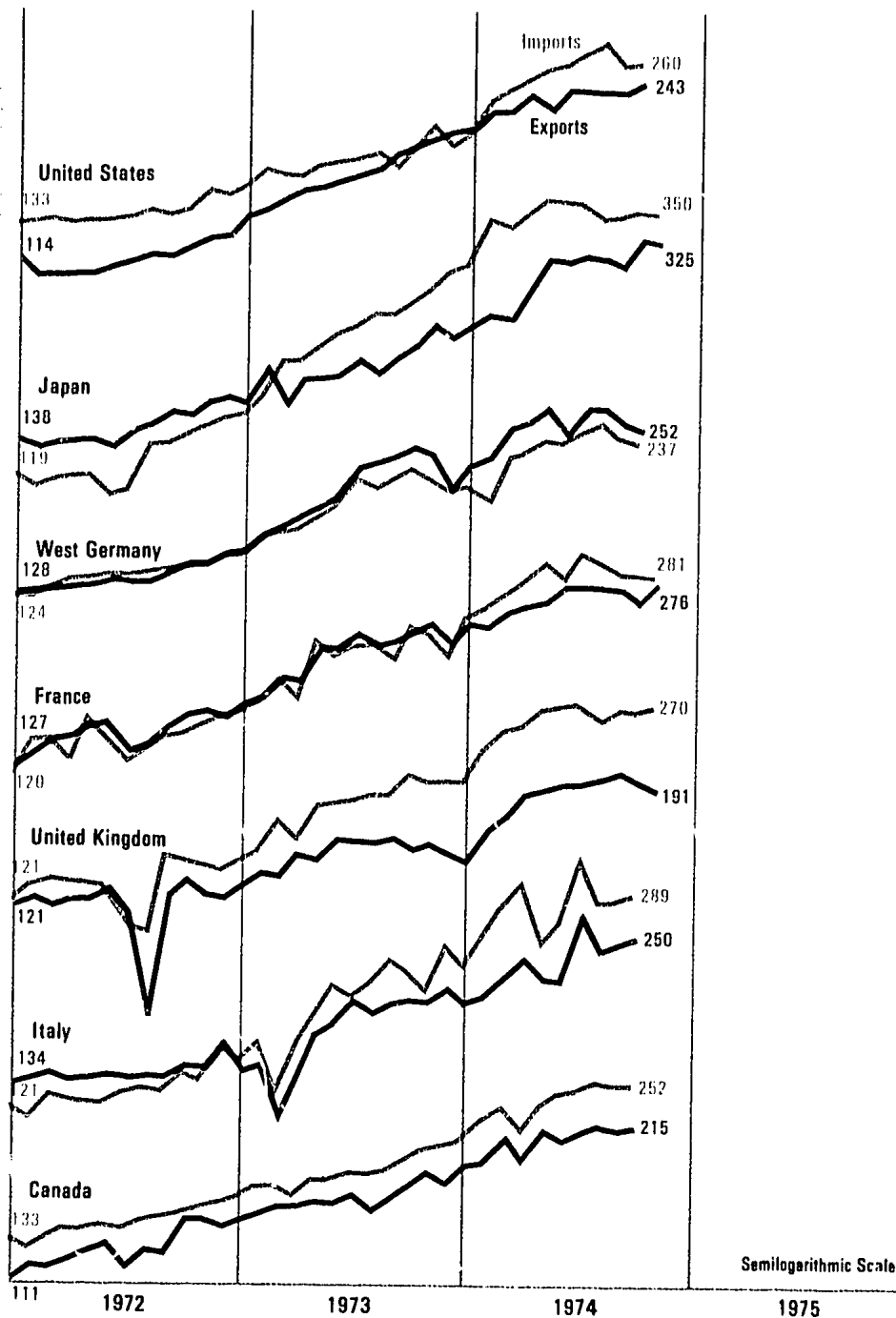
	Latest Month	Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Sep 74	1.1	7.1	10.0	13.4
Japan	Aug 74	-2.1	22.8	39.7	59.8
West Germany	74 II	3.1	11.4	12.7	13.1
France	74 III	6.0	13.8	20.5	26.4
United Kingdom	Aug 74	6.6	14.2	16.2	33.3
Italy	Aug 74	3.0	17.9	20.7	25.7
Canada	Aug 74	1.6	10.0	15.2	16.9

28 DECEMBER 1974

A-2

**FOREIGN TRADE<sup>1</sup>**

INDEX: 1970 Monthly Average=100 (l.o.b./l.o.b.)



	Latest Month		Cumulative (Million US \$)		
	Million US \$	1974	1973	Change	
Oct 74	8,005 8,635	80,240 82,557	57,012 56,460	40.7% 46.2%	
Balance	30	-2,317	652	-2,869	
Nov 74	5,136 4,378	49,412 48,260	32,774 29,043	50.8% 66.2%	
Balance	759	1,152	3,731	-2,580	
Oct 74	7,195 5,550	73,150 53,563	55,888 42,330	31.4% 26.5%	
Balance	1,644	19,587	13,341	6,246	
Nov 74	4,144 4,190	42,233 45,795	33,498 32,215	26.1% 42.2%	
Balance	-47	-3,562	1,283	-4,845	
Nov 74	3,016 1,258	32,760 44,004	25,062 30,739	27.7% 43.2%	
Balance	-1,242	-11,244	-5,077	-6,167	
Oct 74	2,758 3,227	24,685 30,713	17,881 19,968	38.0% 53.8%	
Balance	-469	-8,029	-2,067	-3,941	
Oct 74	2,875 2,798	26,992 26,177	20,689 18,941	30.5% 38.2%	
Balance	78	815	1,748	-933	

**BASIC BALANCE<sup>5</sup>**

Current and Long-Term Capital Transactions

	Latest Period	Cumulative (Million US \$)			
		Million US \$	1974	1973	Change
United States <sup>1</sup>	74 III	-3,581	-4,274	-247	-4,027
Japan	Nov 74	-400	-9,033	-8,158	-875
West Germany	Oct 74	877	5,935	8,236	-2,301
France	74 II	-628	-1,272	-515	-757
United Kingdom	74 II	-1,297	-2,951	-868	-2,083
Italy	74 II	-781	-1,929	-1,209	-720
Canada	74 II	-445	-613	-6	-608

**OFFICIAL RESERVES**

	Latest Month	Billion US \$		
		End of	Jun 1970	1 Year Earlier 3 Months Earlier
United States	Oct 74	15.9	14.5	14.4
Japan	Nov 74	13.7	4.1	13.2
West Germany	Nov 74	35.4	8.8	34.1
France	Oct 74	8.9	4.4	10.1
United Kingdom	Nov 74	7.8	2.8	6.6
Italy	Oct 74	6.9	4.7	6.2
Canada	Nov 74	5.8	4.3	5.7

26 DECEMBER 1974

A-2

**MONEY-MARKET RATES**

				Percent Rate of Interest		
Representative Rates		Latest Date		1 Year Earlier	3 Months Earlier	1 Month Earlier
United States	Dealer-placed finance paper	Dec 4	9.22	8.25	11.78	9.00
Japan	Call money	Nov 29	13.00	9.25	13.00	12.50
West Germany	Interbank loans (3 months)	Dec 11	8.82	13.05	9.40	9.04
France	Call money	Dec 6	11.88	11.50	13.75	12.63
United Kingdom	Sterling interbank loans(3 months)	Dec 11	12.75	15.80	11.73	11.51
Canada	Finance paper	Dec 11	10.60	9.15	11.63	10.48
Eurodollars	Three-month deposits	Dec 11	10.21	10.71	12.18	9.90

**EXPORT PRICES**

National Currency	Average Annual Growth Rate Since				
	Latest Month	Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Oct 74	1.0	12.9	26.5	33.9
Japan	Oct 74	-0.1	10.7	36.8	14.9
West Germany	Sep 74	-0.2	5.7	20.9	22.5
France	Jun 74	3.3	11.1	28.5	42.5
United Kingdom	Oct 74	0.8	13.4	30.4	10.4
Italy	Jul 74	3.9	15.4	42.8	43.4
Canada	Jul 74	1.7	12.4	38.3	13.5

**IMPORT PRICES**

National Currency	Average Annual Growth Rate Since				
	Latest Month	Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Oct 74	0.5	19.4	49.7	18.9
Japan	Oct 74	0.8	16.7	72.9	12.0
West Germany	Sep 74	-1.1	7.0	32.6	9.9
France	Jun 74	0	15.6	61.5	37.0
United Kingdom	Oct 74	1.5	21.0	46.4	16.9
Italy	Jul 74	-2.4	24.8	68.5	7.3
Canada	Jul 74	1.8	11.6	32.5	39.7

**EXPORT PRICES**

US \$	Average Annual Growth Rate Since				
	Latest Month	Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Oct 74	1.0	12.9	26.5	33.9
Japan	Oct 74	-0.1	15.6	21.5	-4.1
West Germany	Sep 74	-1.7	14.0	10.0	0.3
France	Jun 74	2.5	14.7	11.5	33.5
United Kingdom	Oct 74	1.2	12.6	24.9	-0.6
Italy	Jul 74	4.8	14.6	28.6	35.7
Canada	Jul 74	0.7	14.3	41.5	9.4

**EXCHANGE RATES**

Spot Rate As of 20 Dec 74	Percent Change from				
	US \$ Per Unit	Dec 66	18 Dec 71	19 Mar 73	13 Dec 74
Japan (yen)	0.0033	20.33	2.25	-12.70	-0.30
West Germany (Deutsche mark)	0.4085	62.49	31.85	15.36	0.54
France (franc)	0.2230	10.45	13.28	1.18	1.92
United Kingdom (pound sterling)	2.3245	-16.70	-10.79	-5.55	0.50
Italy (lira)	0.0075	-5.06	-11.63	-14.12	0.33
Canada (dollar)	1.0110	9.61	1.32	1.33	-0.26

**TRADE-WEIGHTED EXCHANGE RATES<sup>6</sup>**

As of 20 Dec 74

	Percent Change from			
	Dec 66	18 Dec 71	19 Mar 73	13 Dec 74
United States	-15.88	-8.34	0.27	-0.14
Japan	11.12	-2.38	-14.19	-0.48
West Germany	33.17	16.01	10.91	-0.12
France	-15.17	-1.31	-4.28	1.38
United Kingdom	-38.98	-24.49	-9.92	0.01
Italy	-31.08	-29.85	-22.63	-0.41
Canada	6.80	0.22	1.87	-0.37

**FOOTNOTES FOR WEEKLY INDICATORS**

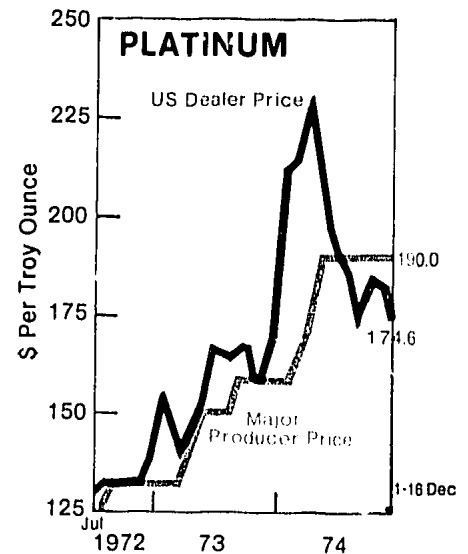
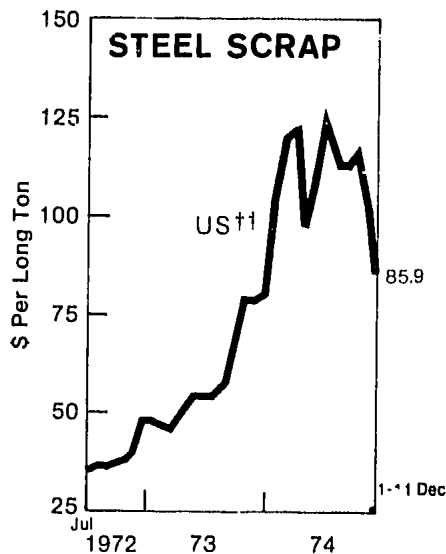
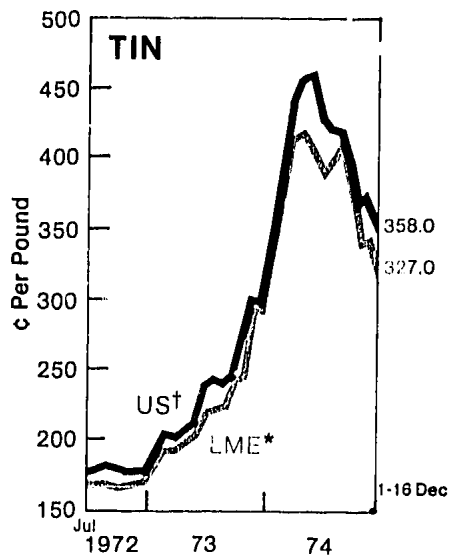
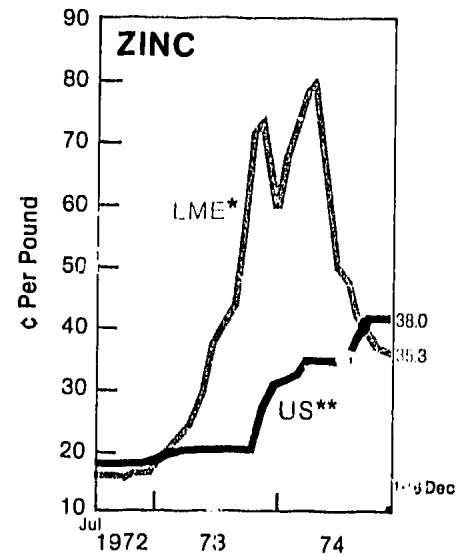
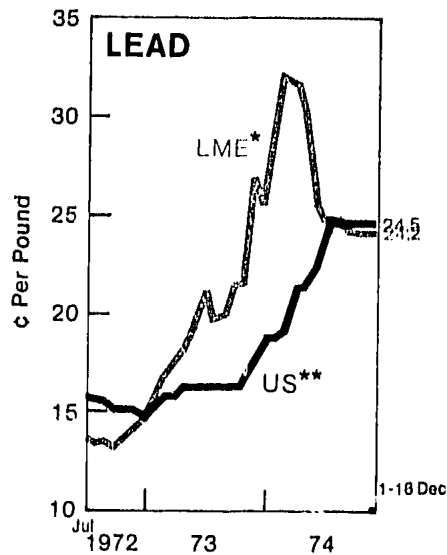
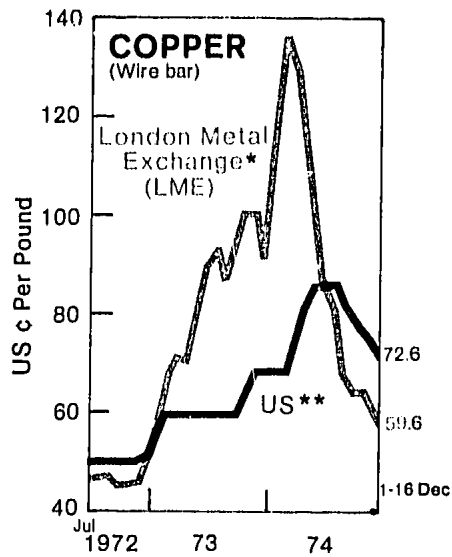
- Seasonally adjusted.
- Average for latest 3 months compared with average for previous 3 months.
- Wholesale price indexes cover industrial goods.
- Hourly earnings for the United States, Japan, and Canada; hourly wage rates for others. West German and French data are for the beginning of the quarter.
- Converted to US dollars at the current market rates of exchange.
- Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange-rate variations among the major currencies.

28 DECEMBER 1974

A-4

**METAL PRICES**

(Monthly Average Price)

**COMMODITIES**

	Cash Prices			
	16 Dec	Week Ago	Nov 74 Average	Dec 73 Average
Copper-LME (c per pound)	56.9	60.3	64.1	101.3
Copper-US (c per pound)	72.6	72.6	75.6	65.7
Lead-LME (c per pound)	24.2	24.4	24.2	27.0
Lead-US (c per pound)	24.5	24.5	24.5	17.7
Zinc-LME (c per pound)	35.0	35.5	36.0	73.8
Zinc-US (c per pound)	38.0	38.0	38.0	27.4
Tin-LME (c per pound)	326.9	327.7	335.5	294.7
Tin-US (c per pound)	354.2	358.5	371.0	300.5
Steel scrap (\$ per long ton)	N.A.	86.5	102.2	79.1
Platinum-US dealer (\$ per troy ounce)	167.5	176.0	177.3	158.5
Platinum-US producer (\$ per troy ounce)	190.0	190.0	190.0	158.0

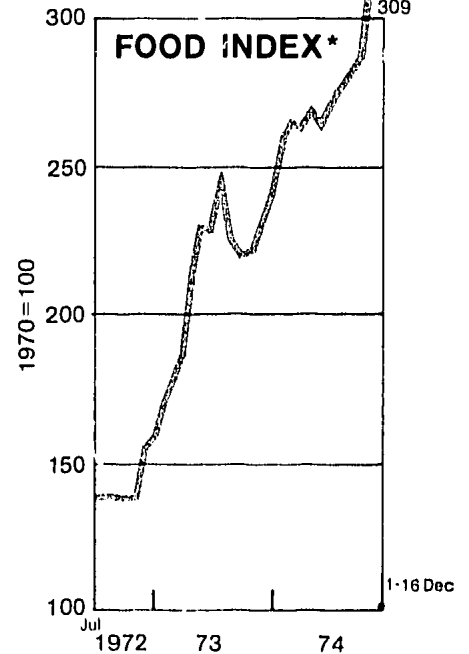
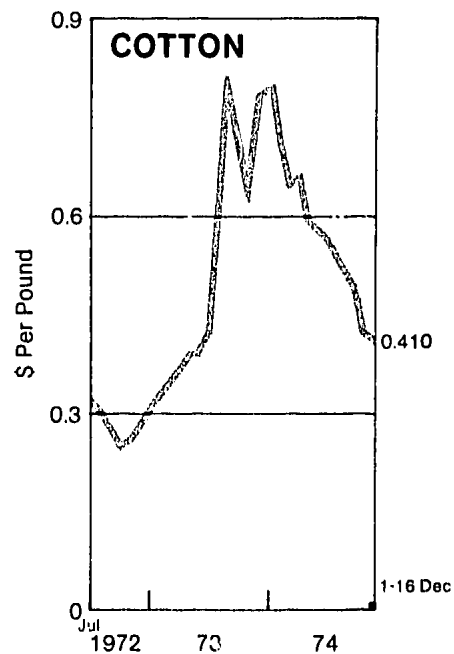
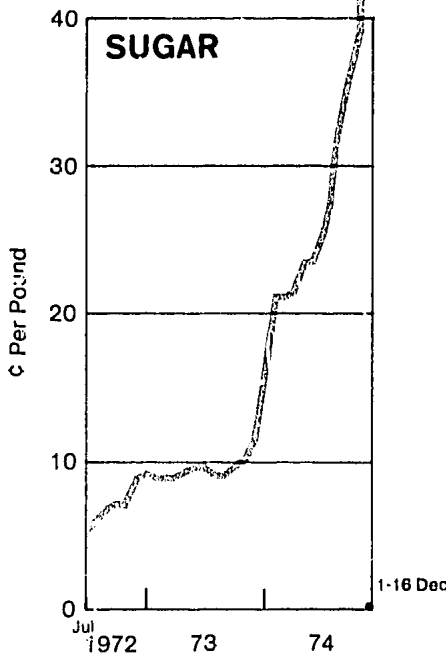
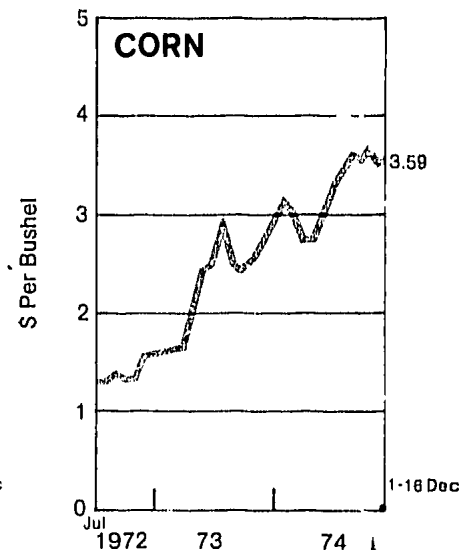
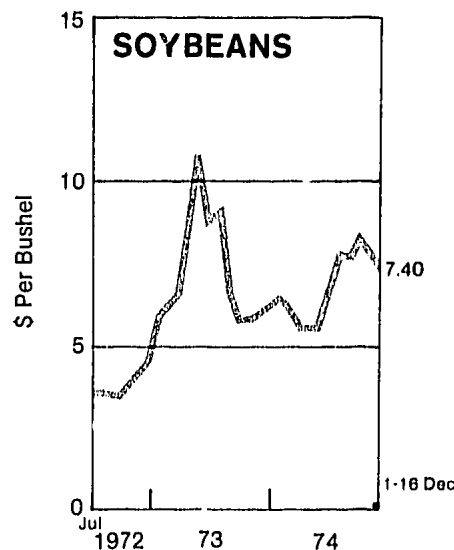
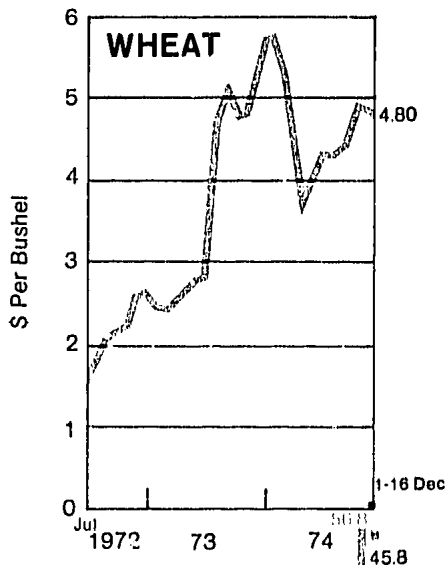
\*Approximates world market price frequently used by major world producers and traders, although only small quantities of these metals are actually traded on the LME.

\*\*Producers' price, covers most primary metals sold in the United States.

† Quoted on New York market. †† Composite price for Chicago, Philadelphia, and Pittsburgh.

**AGRICULTURAL PRICES**

(Monthly Average Price)



\* This is a compiled index by the *Economist* for 16 food commodities which enter international trade. Commodities are weighted by 3-year moving averages of imports into industrialized countries.

**COMMODITIES**

	Cash Prices			
	16 Dec	Week Ago	Nov 74 Average	Dec 73 Average
Wheat-Kansas City #2 Hard Winter (\$ per bushel)	4.68	4.73	4.88	5.73
Corn-Chicago #2 Yellow (\$ per bushel)	3.57	3.54	3.51	2.64
Soybeans-Chicago #1 Yellow (\$ per bushel)	7.41	7.18	7.67	6.95
Sugar-World Raw New York #11 (¢ per pound)	42.25	46.50	56.80	11.80
Cotton-Memphis 1 <sup>1</sup> / <sub>6</sub> (\$ per pound)	0.3940	0.4155	0.4190	0.7840

504875 12-74

A-8